

Message Text

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ACTION EB-08

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AMCONSUL TORONTO

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TAGS: ECON, EINV, CA
SUBJECT: BUSINESS MOVES FROM QUEBEC

REF: MONTREAL 423

1. WITHIN LAST MONTH, THREE FIRMS HAVE ANNOUNCED PLANS THAT WILL FURTHER DIMINISH BUSINESS ACTIVITY IN PROVINCE OF QUEBEC. IN MID-JUNE, BOOK OF MONTH CLUB ANNOUNCED THAT ITS DISTRIBUTION CENTER FOR CANADA WOULD BE MOVED FROM MONTREAL TO TORONTO. REASONS GIVEN FOR MOVE WERE THAT TORONTO WAS CLOSER TO CENTER OF DISTRIBUTION AREA, AND THAT BILL 101 DAMAGED THE CLUB'S DIRECT MAIL PROMOTION, AS MONTHLY NEWSLETTERS AND CATALOGS WOULD HAVE TO BE IN FRENCH.

2. ON JULY 8, DUPONT ANNOUNCED THAT IT WAS TRANSFERRING 90 JOBS FROM ITS HEAD OFFICE IN MONTREAL TO TORONTO SUBURB OF MISSISSAUGUA. EMPLOYEES BEING TRANSFERRED ARE IN PLASTIC AND FILM DIVISION AND WILL JOIN 100 EMPLOYEES - SOME OF WHOM WERE TRANSFERRED EARLIER FROM MONTREAL - ALREADY WORKING IN SAME DIVISION IN TORONTO. AFTER MOVE, TORONTO OFFICES WILL HAVE 330 EMPLOYEES AS COMPARED TO 500 IN MONTREAL HEAD OFFICE. MOVE LEAVES MONTREAL OFFICE WITH ONLY FOUR OUT OF COMPANY'S 15 DIVI-
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SIONS, WITH MANY OF EMPLOYEES IN MONTREAL NOW WORKING IN DUPONT'S QUEBEC DIVISION. COMPANY SPOKESMAN SAID MOVE WAS IN RESPONSE TO GROWING AMOUNT OF BUSINESS FOR PLASTIC AND FILM DIVISION IN ONTARIO AS WELL AS CONCENTRATION OF MANUFACTURING PLANTS IN ONTARIO.

3. ALSO ON JULY 8, CADBURY SCHWEPPE'S POWELL, A MAKER OF CHOCO-

LATE BARS, ANNOUNCED THAT IN FOUR MONTHS IT WOULD CLOSE ITS FACTORY, EMPLOYING 500 WORKERS, IN MONTREAL. REASONS GIVEN FOR CLOSING WERE THE DECLINING MARKET FOR CHOCOLATE BARS AND OVERCAPACITY. FIRM ALSO HAS A FACTORY IN WHITBY, ONTARIO, WHICH WILL BE USED TO SUPPLY CANADIAN DEMAND. ACCORDING TO COMPANY SPOKESMAN, FIRM'S HEAD OFFICE WILL REMAIN IN MONTREAL.

4. COMMENT: AS WE INDICATED IN REFTTEL, FIRMS ARE LEAVING QUEBEC FOR A NUMBER OF REASONS, PRIMARILY IN RESPONSE TO BETTER ECONOMIC INCENTIVES ELSEWHERE, AND EVEN THE DECLINING FORTUNES OF THE PARTI QUEBECOIS ARE NOT LIKELY TO ALTER THE TREND SUBSTANTIALLY.
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